

Department of Health Services

MISSION

To advance the health of our patients and our communities by providing extraordinary care.

MANDATORY & MAJOR DUTIES



Medical Centers & Clinics: Operates County hospital and clinic system serving 500,000+ patients.



Community Programs: Delivers diversion, reentry, and harm reduction services.



Correctional & Juvenile Health Services: Provides compassionate healthcare for County's youth & adult incarcerated populations.



Emergency Medical Services Agency: Plans and oversees the County EMS system.



Health Services
LOS ANGELES COUNTY

CURRENT BUDGET OVERVIEW

FY 2025-2026
Final Adopted Budget¹
(\$ Millions)

NCC as % of each budget component	
Hospitals & Clinics	7%
ICHS	91%
ODR & Harm Reduction	18%

Total Appropriation **\$10,416.8**

(What We Budgeted to Spend in FY 2025-26)

 Salaries & Employee Benefits (27,382 positions)	4,714.3 (45%)
 Services & Supplies	3,111.8 (30%)
 Other (Cap Assets/Equip, Other Charges)	2,590.7 (25%)

Sources of Funding **\$10,416.8**

(How We Pay For All of This)

 Federal Assistance	5,925.4 (57%)
 State Assistance	1,388.9 (13%)
 Fees/Charges for Services ²	173.0 (2%)
 Other Resources ³	1,626.6 (16%)
 Net County Cost ⁴ <i>remaining balance, covered by locally generated revenues</i>	1,302.9 (12%)

¹ Amounts reflect the transfer of appropriation from DHS - Housing for Health (HFH) to the new Department of Homeless Services & Housing, approved by the Board on 12/9/2025

² Some State and Federally funded services may be reflected as “Fees/Charges for Services” through reimbursement mechanisms (e.g., Medi-Cal billing)

³ “Other Resources” includes miscellaneous revenues not otherwise classified, including fines, settlements, interest earnings, and interdepartmental billing

⁴ Net County Cost also includes Vehicle License Fees – Realignment and Tobacco Settlement funds

BUDGET BREAKDOWN BY PROGRAM AREA

What These Investments Deliver For Residents

General Program Category	% of Dept Budget
Patient Care Services	71%
Administrative Services*	15%
Integrated Correctional Health Services (ICHS)	6%
Community Programs - Office of Diversion & Re-entry (ODR) and Harm Reduction Division	4%
Other Services	4%

*Reflects HSA administrative costs billed to DHS hospitals and clinics for reimbursement purposes, resulting in "double-count" in this line item. If the "double-count" were excluded, the % of Administrative Services would be 10%.

NOTE: Program categories shown here are presentation-level groupings created to consolidate information from the new LA County Enterprise System (LACES) for this briefing. Note that as part of the County's initial rollout of data-driven budgeting through LACES, categories and outcome measures will continue to evolve based on practical use and data insights as departments operationalize the system in FY 2026-27.

DEPARTMENT PRIORITIES, METRICS & OUTCOMES

LA Health Services: Strategic Goals 2026

POPULATION HEALTH		CLINICAL & SERVICE EXCELLENCE		WORKFORCE ENRICHMENT & STAFFING		FISCAL SUSTAINABILITY	
GOAL 1	GOAL 2	GOAL 1	GOAL 2	GOAL 1	GOAL 2	GOAL 1	GOAL 2
Adapt care delivery model to better meet patient's needs	Build systems & processes needed for patient care & system sustainability	Demonstrate excellent clinical outcomes for all patients	Further system-wide excellence in patient access & experience	Build a highly skilled, engaged & resilient workforce	Modify staffing to enhance service levels & improve efficiency	Reduce costs while maintaining core, essential clinical services	Attract new revenue sources & improve margin on existing lines of business
<ul style="list-style-type: none"> • % Engaged w/ medical home • Median length of stay • % w/ social needs referrals • # Diverted from jail 		<ul style="list-style-type: none"> • % QIP funding earned • % Appts w/timely access • Closure of health equity gaps • Patient experience scores 		<ul style="list-style-type: none"> • % Mgrs using finance tools • Usage of performance tools • Productivity benchmarks • Rollout "Helping Healers Heal" 		<ul style="list-style-type: none"> • % Under/over-staffing • Account write-off amount • Prior authorization rate • Expenditures vs. target 	

BUDGET REQUEST (FY2026-2027)

Total New Appropriation Request*	\$318.1M
Additional positions requested	261
Additional NCC requested	\$206.9M

Key Budget Requests	Amount (\$Millions)	One-Time/ Ongoing?	Positions
ICHS: Program staffing needed for primary care model, DOJ compliance, and universal screening & treatment	\$53.8	Ongoing	261
ICHS: S&S to fund Hep C treatment, MAT, pharmaceutical inflation, registry staffing, and post-book claims	\$63.8	Ongoing	0
Community Programs: Funds for ODR Housing, P3/P4 court team expansion, LEAD, and harm reduction programs	\$45.4	Ongoing	0
\$2K Employee Bonus	\$39.9	One-Time	0

* Priority budget and unmet needs requests

CHALLENGES & MITIGATION STRATEGIES

THREATS TO FEDERAL REVENUE SOURCES
due to HR1, potential expiration of CalAIM 1115
Medicaid Waiver

- Negotiation of waiver renewal
- Restructuring of supplemental payment programs
- Pursuit of new revenue opportunities

DECLINING MEDICAID ENROLLMENT AND A GROWING UNINSURED POPULATION,
simultaneously decreasing Medi-Cal revenue
while increasing demand for services among
safety net providers

- Outreach campaigns to DHS patients
- Pursuit of medical exemption and workfare opportunities
- Collaborating with plan and provider stakeholders on:
 - Maintenance of coverage
 - Emergency Department decompression
 - Primary care augmentation
 - Post-acute relief
 - Regulatory streamlining

ESCALATING COSTS due to increased labor
cost, medical inflation of pharmaceutical and
supply costs, and continued need for capital
projects & facility investments

- Hiring freeze (7/2025); registry / overtime reduction
- Productivity and staffing models
- Efficiencies in operational and administrative areas
- Capital project & equipment purchase scrutiny